
Fact Sheet 4. Changes over time

Changes in the levels and distribution of economic resources in a society over time are key concerns of social and economic analysts.

This fact sheet presents time series analysis of the three dimensions of household economic well-being – income, consumption and wealth.

The analysis uses data from the Survey of Income and Housing (SIH) and Household Expenditure Survey (HES).

Key statistics

- Median equivalised disposable household income (EDHI) has increased in real terms from \$585 in 1994-95 to \$959 in 2019-20 (up 64%)
- Wages and salaries increased 52% in real terms between 1994-95 and 2019-20.
- Government pensions and allowances increased 24% in real terms between 1994-95 and 2019-20.
- Average weekly household expenditure between 1984 and 2015-16 increased in real terms by one third from \$1,065 to \$1,425.
- Median net worth has increased in real terms from \$519,300 in 2009-10 to \$579,200 in 2019-20.

Income

Income data has been collected in the HES since 1984 and in the SIH since 1994-95. Since 1994-95, median equivalised disposable household income (EDHI) has increased in real terms from \$585 to \$959 (up 64%). Low income households have had a slightly lower real increase in their average income (59% at top of P10) than high income households (69% at top of P90) (Graph 1).

Graph 1. Equivalised disposable household income at top of selected percentiles, 1994-95 to 2019-20(a)

a. In 2019-20 dollars, adjusted using changes in the Consumer Price Index

Source: ABS Survey of Income and Housing

Average wages and salaries and government pensions and allowances both increased significantly in real terms between 1994-95 and 2011-12 (52% and 24%, respectively). A small part of the measured increase since 2003-04 was due to improvements in the compilation of income introduced in SIH 2007-08 and recompiled where data was available for 2003-04 and 2005-06.

Improvements in the SIH since 2003-04

The ABS has implemented improvements to the SIH to ensure the survey accurately measures the distribution of economic resources among households in Australia, including:

2003-04

- Integration of the SIH with the HES
- Computer assisted personal interviewing (CAPI) introduced
- Sample design improved
- Extra income questions (incl. non-cash and irregular income; salary sacrificed income specifically collected)

- New benchmarking methods
- Wealth data and imputed rent for first time

2007–08

- Further improvements to income incl. lump sum payments, financial support from family and trusts
- Implementation of new income definition incl. recompiling 2003–04 and 2005–06 where possible

2009–10

- Wealth data every SIH
- SIH income and wealth comparison with Australian System of National Accounts (ASNA) published in appendices of 6523.0 and 6554.0

2011–12

- Social transfers in kind (STIK) allocated in every SIH

2013–14

- Previous HES only items incl. disability and health care cards in every SIH to improve STIK allocations
- More detailed superannuation information

2015–16

- Improved processing of government payments information in the SIH and HES through the introduction of an eligibility-based model. Missing or anomalous government payments values are now produced by the model
- Improved methodology for imputed rent which are outlined further in the 'Imputed rent' chapter of this publication

2017–18

- Credit card and HECS/HELP debt information is now collected at the person level and aggregated to the household level. Previously collected at the household level

2019–20

- Computer assisted web interviewing (CAWI) introduced

Graph 2. Equivalised disposable household income, current and previous income definition(a)

a. In 2019–20 dollars, adjusted using changes in the Consumer Price Index

Source: ABS Survey of Income and Housing

The Gini coefficient is a single statistic between zero and one and is a summary indicator of the degree of inequality, with values closer to 0 representing less inequality, and values closer to one representing greater inequality. Since 1994–95, the Gini coefficient for EDHI has been lowest in 1996–97 (0.292) and highest in 2007–08 (0.336). It decreased by 4% between 2007–08 and 2019–20 (Graph 3).

Graph 3. Gini coefficient of equivalised disposable household income, 1994–95 to 2019–20

Source: ABS Survey of Income and Housing

Consumption expenditure

As incomes have risen, consumption expenditure has also risen. Between 1984 and 2015–16 average weekly expenditure of all households increased in real terms by one third from \$1,065 to \$1,425. The increase in expenditure was greatest for households in the fourth and fifth gross income quintiles. In these quintiles, average income exceeded average consumption expenditure by 22% and 44%, respectively in 2015–16. By comparison, households in the lowest two income quintiles had average expenditure higher than their average disposable income (Graph 4).

Graph 4. Average expenditure and disposable income, by gross income quintile, 1984 and 2015–16

a. In 2015–16 dollars, adjusted using changes in the Consumer Price Index

Source: ABS Household Expenditure Survey

Consumption patterns of households have changed since 1984. Current housing costs increased from 13% of total household expenditure on goods and services in 1984 to 20% in 2015–16. The proportion of expenditure on food and non-alcoholic beverages declined gradually in the same period (from 20% to 17% of total consumption expenditure), while spending on clothing and footwear has halved (from 7% to 3% of total) (Graph 5).

Graph 5. Proportion of total goods and services expenditure, selected groups, 1984 to 2015–16(a)

a. Improvements to the broad expenditure classification groups were introduced in the 2015–16 cycle and estimates for previous cycles have been recompiled to reflect these changes. While estimates for 1984, 1988–89, and 1993–94 have been recompiled to reflect the new expenditure categories, not all components are available for these cycles. For further details, refer to Household Expenditure Survey and Survey of Income and Housing, User Guide, Australia, 2015–16 (6503.0)

Source: ABS Household Expenditure Survey

Improvements in the HES since 1998–99

1998–99

- Household Expenditure Classification (HEC) replaced HES Commodity Code List for classifying expenditure
- Financial stress indicators collected for first time

2003–04

- HES and SIH integrated (HES for a subsample of SIH respondents)
- Expenditure, income, wealth and financial stress available for all HES households

2009–10

- Non-cash benefits from employers included in consumption expenditure
- Expenditure also classified by the international Classification of Individual Consumption by Purpose (COICOP)
- Extra metropolitan sample of households with main source of income government pensions and allowances added to HES for development of a Pensioner and Beneficiary Living Cost Index
- HES expenditure comparison with the ASNA published in Appendix 3 of Household Expenditure Survey (6530.0)

Wealth

The distribution of wealth in Australia is less equal than income. Comprehensive information on the composition of the assets and liabilities held by households has been collected in the SIH and HES since 2003–04. Previously, the value of owner occupied dwellings and loans on those dwellings were the only wealth data collected in these

surveys.

Median net worth has increased in real terms from \$519,300 in 2009–10 to \$579,200 in 2019–20. The average net worth of high wealth households has increased by more than the net worth of low wealth households e.g. the net worth of households at the top of the fourth quintile (P80) increased by 25% (to \$1.4m) while the net worth of households at the top of the lowest quintile (P20) increased by 7% (to \$113,400) in the ten year period to 2019–20 (Graph 6).

Graph 6. Household net worth at top of selected percentiles, 2009–10 to 2019–20(a)

a. In 2019–20 dollars, adjusting using changes in the Consumer Price Index

Source: ABS Survey on Income and Housing

The composition of assets has remained relatively stable between 2009–10 and 2019–20. There was a slight reduction in the proportion for property assets (own dwelling and other property), decreasing from 60% in 2009–10 to 56% of total household assets in 2019–20. Superannuation rose from 14% to 19% of total household assets in the same period (Graph 7).

Property loans made up a slightly higher proportion of liabilities in 2019–20 (90%) than in 2009–10 (88%).

Graph 7. Composition of assets, 2009–10 to 2019–20(a)

a. In 2019–20 dollars, adjusted using changes in the Consumer Price Index

Source: ABS Survey of Income and Housing

For more information:

- ABS, 2009, [Household Income and Income Distribution, Australia 2007–08](https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6523.02007-08?OpenDocument) (<https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6523.02007-08?OpenDocument>), (cat. no. 6523.0), Appendix 4: Improvements to income statistics, ABS, Canberra